



Irish Life Weekly Investment Bulletin

The week that was – WEEK 29 (ending 21/07/2017)

"Always find a reason to laugh. It may not add years to your life but will surely add life to your years."
Author Unknown

Wall Street giant Morgan Stanley has announced that it is coming to Dublin- the group which has \$1.3 trillion of assets under management is planning to apply to set up a company, pre-empting a slew of European regulatory changes. A Dublin fund management license will see them retain access to Europe, post Brexit.

The International Monetary Fund (IMF) has reduced its positive growth forecasts for the UK and US in 2017- following relatively weak economic performance in the first three months of 2017, the IMF has decided to reduce its positive growth forecasts for the UK from 2% to 1.7%. The US outlook has been reduced to +2.1% for both 2017 and 2018 following Donald Trump's failure to deliver meaningful policy changes, to date.

Global stock market up 0.19% on the week and a solid 11.37% year-to-date (YTD) –the IMF's upward revision of their outlook for the global economy, announced in April, has factored in a steady performance YTD for the MSCI AC World TR Index. Volatility(VIX), as measured by the CBOE VIX, has remained relatively flat rising a mere point from 9.82 to 9.83. Volatility is remaining elusive, despite expectation that it is overdue.

Saturday saw the European Commission announce that it's anti-trust regulators have been investigating one of Europe and in particular Germany's, largest and most profitable industries, car making; following an alleged tip-off, the Commission is seeking to clarify whether or not major players such as VW, Audi, Porsche, Mercedes and BMW used German auto industry committees to discuss pricing of components, technologies etc. in what would be considered illegal cartel like and anti-competitive behavior. If found guilty, the fallout would be significant for all those involved.

The IMF's Global Growth Engine, which is a major component of its World Economic Outlook, has made a significant strategic decision- the IMF will no longer principally concern itself with the power output of the United States, the world's largest economy, which is a significant change of tack. The IMF is seeing the influence of US economic growth wane as the rise of Chinese, Japanese, European and Canadian growth takes the upper hand in terms of influence.

The quote of the week; Probably the worst thing you can hear when you are wearing your swimwear "Good for you!"

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 07/07)
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	11.4
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	6.3
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	7.2
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	7.1
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	11.0
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	18.7
Nikkei 225	22.9	56.7	7.1	9.1	0.4	5.2
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	17.9
Eurozone Government Bonds 1–5 yr	5.9	2.1	3.4	1.0	0.9	-0.21
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.2
German	1.4	1.9	0.5	0.6	0.2	0.5
UK	1.9	3.0	1.9	1.9	1.2	1.2
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	.8
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	5.3
Portugal	6.9	6.1	2.7	2.5	3.8	2.9
Spain	5.4	4.1	1.6	1.7	1.4	1.5
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	1.25
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/\$)	1.31	1.37	1.21	1.09	1.04	1.16
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.89
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.30
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	2.0% (to end of Q1)
U.K.	2.7	10.7	17.8	13.1	3.6	2.3% (to end of Q1)
U.S.	5.3	11.4	11.2	12.1	7.8	1.6% (to end of Q1)

*Past performance is not a reliable guide to future performance